

**MINUTES  
of the New Energy Industry Task Force<sup>1</sup>**

**December 21, 2011**

The New Energy Industry Task Force held a public meeting on December 21, 2011 beginning at 11 a.m. at the following locations:

State Capitol, the Guinn Room, 101 North Carson Street, Carson City, Nevada 89703, and via videoconference at the Grant Sawyer State Office Building, 555 East Washington, Suite 5100, Las Vegas, Nevada 89101

**1. Call to order and Roll Call.**

Stacey Crowley, Director of the State Office of Energy, Chair, called the meeting to order at 11:08 a.m. and opened this agenda item.

The following Task Force and Technical Advisory Members were present:

<b>Task Force Members in Carson City</b>	<b>Task Force Members in Las Vegas</b>	<b>Task Force Members Absent and Excused</b>
Ellen Allman	Tom Husted	Carla Pihowich
Jack McGinley		Ian Rogoff
Jim Woodruff		Lawrence Willick
John Tull		
Matt Frazer		
Paul Thomsen		
Tom Morley (via telephone)		

<b>Advisory Members in Carson City</b>	<b>Advisory Members in Las Vegas</b>	<b>Advisory Members Absent and Excused</b>
Alex Gamboa	Marilyn Kirkpatrick	Kathleen Drakulich
Amy Lueders	Rebecca Wagner	
Connie Westadt		
Dan Jacobsen		
James Settelmeyer		
Jason Geddes		
Jim Baak		
John Candelaria		
Joni Eastley		

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<sup>1</sup> Handout materials provided prior to or during the meeting can be found at [http://energy.state.nv.us/resources-forms/EI\\_TF.html](http://energy.state.nv.us/resources-forms/EI_TF.html)

Members of the public were asked to sign in.

**2. Introductions – Stacey Crowley**

Chairwoman Crowley introduced herself to the members and thanked everyone for attending the meeting. She then asked all the task force and technical advisory members to introduce themselves. The agenda item was closed.

**3. Public comments and discussion.**

The Chair opened this agenda item for public comments and discussion. No comments were made at this time. The agenda item was closed.

**4. Review of NRS 701.500 and Governor Sandoval's Executive Order 2011-18.**

The Chair opened this agenda item for review and discussion. Ms. Crowley started this item by talking about the Executive Order and how it sets the Task Force to work through August 1, 2012 on several items and to discuss reasons for the group. She thanked the group for their participation and other committees that have come before the Office of Energy and for previous and continued participation on the task force.

She mentioned key relevant issues, such as regional transmission planning occurring in the west, several studies underway within the state of Nevada, NV Energy's Renewable Transmission Initiative (RTI), other non-profits looking at transmission routes, Federal Energy Regulatory Commission's (FERC) Order 1000 that sets goals for regions to look at transmission in a regional way and look at allocating costs regionally, and others such as the Western Governors Association (WGA) and West Connect, a series of utilities companies organized to plan around the west. The Task Force will look at transmission issues that are necessary for a robust and reliable transmission system in this state and reliable and potentially economically beneficial transmission system throughout the west.

The second issue to look at the business case to understand why investors choose to invest in projects here in our state and why might investors choose to invest in transmission projects here in Nevada. The intent is to develop a report that will come out of these task force meetings that would provide this information to Governor Sandoval by the fall. August 1<sup>st</sup> was selected to make sure that if there are any legislative suggestions or changes that need to be made, they could be drafted by early fall so that we can start the bill draft process.

Advisory Member Baak stated that there are critical issues facing utility scale development and transmission issues. In addition to what is identified in the Governor's Executive Order, there is a Solar PEIS from BLM that affects Nevada more so than other states and because of the amount of federal land that is managed in Nevada. These are important issues for folks who are looking to invest here so how do they know how to site projects. Member Baak stated that such a business case would be a good foundation for good investments which can help us answer "Where do you place transmission?" Ms. Crowley agreed that the task force would need to keep focused on all initiatives, and understand the various efforts going on at the Federal level, both to ease some of the requirements associated with the permitting, as well as making sure they move along in

an appropriately and consistent fashion. There were no other comments and the agenda item was closed.

#### **5. Presentation of NV Energy's Renewable Transmission Initiative (RTI)**

Mario Villar, Vice President of Transmission for NV Energy provided a map of NV Energy's RTI and a brief overview of the RTI. He explained that the attachment that was provided in the handouts also provides a full detail of the RTI. Earlier in summer, NV Energy issued a solicitation of interest to market participants to indicate level of interest in developing transmission to move renewable generation from renewable energy zones in the state to markets southwest, primarily California. The market participants responded by September 16<sup>th</sup> and NV Energy asked them to commit to the study agreement by December 15<sup>th</sup>.

RTI consists of three points of delivery namely A, B and C into California, from 4 different points of receipt into the system which would serve roughly 80% of the renewable energy generation zones identified and RETAAC's study and the commission designated in renewable energy zones. NV Energy did not receive sufficient interest in delivery points A and B (the northern delivery points) to justify proceeding with studies to those delivery points at this stage. NV Energy notified participants that if they want to continue looking at deliveries in those areas, they can submit individual requests separately and apart from the RTI process for those delivery points. NV Energy did receive sufficient interest to proceed with the studies going from north to south into delivery point C namely the Eldorado Valley, and they are still in the process of assessing the number of customers that we have, the groupings etc., but there will be studies to look at taking deliveries down into the Eldorado Valley from north to south along the western side of the state as those were the primary expressions of interest that we received. The amount of interest, in terms of megawatts is confidential information and cannot be disclosed. Mr. Villar then opened for questions after providing this brief update on the RTI.

Ms. Crowley asked what the time frame is on next steps with regard to delivery point C. Mr. Villar responded that the studies will be conducted over the next few months and the target date is April 1<sup>st</sup> to have studies completed and to get back to customers as to what the costs to the facility may be that will be required in order to deliver the energy that they have requested. NV Energy will then take the next steps after that to see where to go from there.

Mr. Baak asked Mr. Villar if he has matched up the transmission corridors and zones to the proposed solar energy development zones from the DOI (Bureau of land Management) process to see how well they correlate. A decision will soon be made that may drive development toward those zones or limit the ability to develop outside of those zones. Mr. Villar responded that he was not aware if they have or not, but the concept that they have is based on preliminary work already done. As a result of RETAAC some corridor constraint studies were started in 2009 pursuant to Commission approval to look at corridors to develop instead of the renewable energy zones. NV Energy's

environmental staff will be looking at matching those up to see if it makes sense or not but it will be at a later stage down the process.

Mr. Baak showed interest in the fact that there wasn't enough responses for the area in the north and asked Mr. Villar what they will be studying going forward. Mr. Villar stated that for example, the transmission line from B all the way down to C would probably still be under consideration. Mr. Villar stated that they did receive sufficient interest to include renewable energy zones that include Zone 1 all the way down to Eldorado so it would include the segment going from Dixie Valley on to Oreana and then all the way back down along the western site down to Eldorado Valley.

Mr. Baak asked whether the segment from A to B would not be pursued. Mr. Villar confirmed delivery points A and B will not be pursued at this point but transmission from the north to the south had sufficient interest to be included in the studies. Mr. Baak said that this tells him that the Geothermal developers want to send energy directly to southern California.

Mr. Geddes asked Mr. Villar if there was a pre-determined threshold level to A and B going forward. Mr. Villar stated that it was probably function of how many megawatts were requested and how many participants they had. From what he can recall, he thinks there was only one request to go to A and none to go to B.

Mr. Baak asked what was the approximate cost to the developer for conducting the studies, and could that have been a factor in the lack of participation in those zones? Mr. Villar stated that he cannot recall the specific cost but what he can recall it was less than a typical system impact study, because of aggregation factor. The lack of interest was perhaps more a reflection of how they see the California market and whether they might be able to have an off-taker and whether they want to pursue it at this time or not. It was definitely cheaper than a typical impact study on a per participant basis.

Ms. Wagner cautioned the task force members about making any assumptions about lack of participation from the geothermal industry and the access points in the north. She stated that there may be more to it at this time but not a lack of interest in California or by entities requiring that geothermal power.

Mr. Husted asked Mr. Villar if he saw interest to go outside of the control area in order to obtain ancillary services. Mr. Villar responded that whether we would need something or not would depend on what gets included in the transmission that gets built and what type of resources ultimately get developed. He did not foresee anything that would require additional ancillary services, but it all depends on what ultimately gets developed.

Assemblywoman Kirkpatrick asked Mr. Villar if at any point would he consider reopening the interest points A to B, or was it off the table. Mr. Villar repeated that anybody interested in going to those delivery points can go through the normal submission process as opposed to the RTI. Assemblywoman Kirkpatrick asked if they would pay for all the studies and are there any guarantees or other ways to get any type of

agreement once they have this vested interest. Mr. Villar stated that there are two specific processes: One is a process for interconnection where a generator requests a connection to the grid and the second is a transmission service request. A generator can request an interconnection without defining as to where they're going to be delivering the power. The transmission request process is a separate study to identify what facilities may be required to deliver the generating resource to a specific point of delivery. So developers will either request an interconnection study, a transmission study as governed by a tariff or both.

Ms. Wedstadt asked Mr. Villar that when he stated that there is sufficient interest with respect to points of receipt between point B and C, did that mean there is a specific point of delivery or multiple points of delivery. Additionally she asked if the studies include an increase in export to get to their destination. Mr. Villar responded by stating that the RTI is specific for point to point service, from point of receipt to point of delivery. The four points of receipt were identified so a customer had to specify where the point of receipt in the system was and the specified point of delivery that they wanted. In the case of the studies going forward, there's no intermediate point of delivery. Ms. Wedstadt asked if the point of delivery at Eldorado Valley substation would go through Mead and Mr. Villar replied that to go through Eldorado additional facilities would probably be required on a request to go all the way down along the west side coming into northwest crossing over to Harry Allen and then expanding down into the Eldorado Valley.

Mr. Thomsen stated that as the geothermal rep, he echoes the comments of Commissioner Wagner. Executive Order bullet point 2 sub (c) says we have to coordinate with other electrical utilities, and with those wheeling power. The decision to connect to points A and B came from proposed transmission projects (Great Basin HVDC and LMUD). Because NV Energy was not looking at significant upgrades in section A and section B they looked to where there was immediate availability - or to C. The Eldorado substation has 15 or 16 upgrade requests into California. He goes on to say that it's very important to not think of this as a bubble in Nevada but to be coordinating with California. What is currently proposed in the transmission maps, A and B are priorities because there's no proposed increase for transmission out of those corridors at this time.

John Candelaria asked Mr. Villar to clarify which point of receipt received interest and Mr. Villar referenced the map and said points 1, 2 and 3.

Ms. Allman acknowledged that Mr. Villar cannot disclose participants and projects, but asked if the total megawatts were available for public knowledge. Mr. Villar stated that they cannot release this information as it has not been determined what should remain confidential at this stage.

Ms. Crowley asked Commissioner Wagner if there is a follow-up to the workshop that the PUC had on the RTI a few months ago. Ms. Wagner said that they are in the process of issuing a request for information from NV Energy on all that information that's not being disclosed today and will be filed with Commission counsel and that they will be holding a workshop in about 2 or 3<sup>rd</sup> week of January. There were no other comments

regarding NV Energy's RTI. Ms. Crowley thanked Mr. Villar for his presentation and closed this agenda item.

**6. Presentation of the Transmission Feasibility Report by Nevada Energy Assistance Corporation (NEAC) board member Stacey Crowley.**

Chairwoman Crowley opened this agenda item. She stated that NEAC received funding through the Office of Energy and through the American Recovery and Reinvestment Act (ARRA) grants to look at transmission corridor feasibility and routing studies. She then referred to maps that she provided titled, *Conceptual Renewable Energy Transmission Export Projects*. Ms. Crowley stated that NEAC hired engineering consultants Tri-Sage, Energy Source and US Geomatics (hereinafter referred to as Tri-Sage). They've been working since March 2011 on three transmission corridor routes identified in red on map. Additionally, the map shows green dash lines which are proposed projects by others and the black lines indicate existing transmission lines.

NEAC charged Tri-Sage with looking at transmission corridors that took advantage of the renewable energy zones approved and created through the RETAAC study. Through a series of studies, constraint maps and discussions three routes were selected – the Northwest project, the East project, and the South project.

The Northwest project is proposed at 143 miles and shows alternative routes as most transmission projects do until they get to a certain point along that planning phase. Tri-Sage looked at that route to capture the geothermal and wind zones in the northwestern part of state and bring it to the Viewland Substation, where there is a proposed Lassen Municipal Utility District (LMUD) project with WAPA that would then carry that into load centers in the northwest of California. That is similar to the point of transmission connection point A and B from NV Energy's RTI but slightly different in terms of its routing.

The East project is one that takes off at Robinson Summit Sub, where NV Energy and LS Power are currently constructing the ONLine right now. The East project proposed to develop a new transmission line along an existing transmission corridor up to the IPP line existing in Utah. That IPP line then goes to Mona and it can also connect directly to a DC line that heads to L.A. Municipal District.

The third corridor is the South project which has a series of options depending on how the RTI project goes forward and also depending on Valley Electrics connection from Pahrump to the Las Vegas area. It connects at a point north of Tonopah down to the Palmdale or Antelope Subsection down in the L.A. basin. NEAC and Tri-Sage took RTI's proposed project into consideration as well as the other proposed projects and did a series of very detailed studies as to potential costs, feasibility and permit ability of the lines. They believe these are three permissible lines and could bring up to about 3,000 megawatts of Nevada's renewable to load centers in California. This is still an ongoing report. They plan to submit something by the end of February and this is something that could lead to further discussions within the task force and other venues. Also serving on

the NEAC Board is Ms. Kirkpatrick. They are now looking at ways to translate mapping into potential financial proposals. Ms. Crowley then opened for questions.

Mr. Tull asked if included in analysis was the biological data relative to concerns in that regard relative to permitting. Ms. Crowley stated that Tri-Sage took known federal and state constraints and overlaid them onto their study. They now need to ask the experts for a more detailed analysis. TriSage used Google images with constraint maps and routed these lines in places where they are avoiding the most difficult situations. It's at a 10,000 foot level, and needs to be down to the 1000 foot level. They have asked NDOW to look at this map NEAC looks forward to feedback from task force members too. TriSage made sure that all of the constraints were verifiable and proven at least in some way so that anyone else can take that information and get the same data out of it.

John Candelaria asked Ms Crowley if the three transmission corridors/lines provide capacity to deliver 3,000 megawatts total or each. Ms. Crowley stated that they did a low and a high estimate on potential megawatts and that these projects could take 3,000 MWs total. In one case, the Southern route can capture almost 2,000 megawatts on its own depending on which route we take.

Mr. Thomsen asked Ms Crowley if the study looked at the capacity up to the first substation or beyond that. A congested sub station further down path can be problematic. Ms. Crowley replied that in the case of the Northwest Project that is an item that is essential to the success of any transmission project that happens up there. The LMUD/WAPA Project has been going on for quite some time, and with that in mind, we plan to talk about any partnership. Can NEAC's project, or the RTI work together with the LMUD project for better chance of success? The South project has capacity down to the Antelope Sub with some minor upgrades. The IPP and Mona Subs may need some minor upgrades. It's been calculated and in their cost assumptions.

Mr. Jacobsen asked Ms. Crowley who would actually build these lines. Ms. Crowley replied that NEAC does not yet know the answer to that. It is one of the things she'd like to discuss with the task force and the business case will help that as well. There are varying types of investors that look at projects like this, the incumbent utilities, there are partnerships, hybrids, states can get involved and transmission investors or developers that are somewhat more detached from the state. What would it take for investors to find this attractive and puts the lowest risks on the rate payers in the state.

Mr. Baak asked at what point will NEAC's study make it into the more regional planning efforts such as the Western Electric Coordinating Council. They are engaged in regional transmission planning and are undertaking a variety of scenario evaluations and there's an open period for study requests for the 2012 period. Ms. Crowley stated that the NEAC board voted to approve moving forward with submitting these three corridor studies to WECC for their 2012 planning process. It will go through the Sierra sub regional planning group. Tri-Sage has done a good job of reaching out to some of the other affected entities like LMUD and Valley Electric.

There were no other comments. Ms. Crowley thanked everyone for their participation in these discussions. There is a great deal of information before them and stated that she wanted to give them an idea of the general environment as a baseline. She then moved to agenda item 7.

**7. Discussion and possible action on development of scope of work for business case RFP. (Action)**

Chairwoman Crowley opened this agenda item and provided handouts from the Nevada Rural Electric Association titled *Policy Paper on High Voltage Transmission, Nevada Rural Electric Association (NREA)*. Ms. Crowley stated that the smaller Electric Co-ops provided the group with some of their transmission needs and concerns. The second handout she provided is a one-page report from the Clean Energy Project titled, *Developing Nevada's Clean Energy Resources*, a summary of a much larger, in-depth report on developing Nevada's clean energy resources. Ms. Crowley advised the members that if at any time, in doing their own work, reading reports and articles, etc., if anything appears to be valuable to the whole group she can make it available to everyone or post on the Task Force webpage.

Ms. Crowley expressed appreciation for the group and for offering their expertise. The idea and need for a business case has been talked about in a variety of circles over the past several months. To answer the question, "Why would an investor come to this state and invest in renewable energy or transmission projects ideally to sell to the California market?" She further stated that to some degree, studies have been done, however, can the task force help summarize of all those studies or guide a more detailed look at what the business case is. Ms. Crowley welcomed comments on this and stated that there is a few sources of funding available. The Governor's Office of Economic Development has allocated some funds for a business case for this – renewable energy being one of the target sectors in the economic development plan. Energy Foundation is another potential source.

Ms. Crowley then asked, "What would make a compelling business case study?" Additionally, would it be more compelling if we tried to partner with our neighbors to the west, in California to assist us in developing a bi-state business case? Comments or thoughts would be appreciated and can be discussed more in January. Any relevant and compelling information needs to be provided to the Governor in August, so things will need to move quickly. Ms. Crowley then opened this up for discussion.

Mr. Jacobsen stated that people are watching what is happening in California due to the law adopting the 33% RPS standard. The Commission's orders are not completely available yet but it appears that adds another layer of detail in terms of how the RPS and all renewables are going to play out in California. Mr. Jacobsen suggested that it would be very helpful if 1) We could have someone brief the task force on what these regulations from the California Commission mean and 2) what impact will they have on the ability of other states to provide renewables in California? Ms. Crowley stated that if California were able to be involved in and see the value in the business case study that it would provide more certainty to a potential builder.



Ms. Crowley agreed that a briefing on the regulations in California would be helpful and Ms. Eastley stated that her consultants have been following the regulations and she can provide an update to the group.

Ms. Wagner commented in response to Mr. Jacobsen's comments, that the PUC has been tracking the California legislation and it's still unknown. She believes this rulemaking is highlighting the concern for the impact on rates, as well as, how it's going to meet their AB 32 (carbon emission) objectives, but she thinks that having a brand new commission in California and a directive from the Governor may be slowing them down. However, she stated, they are monitoring it from their Commission's perspective and they could potentially provide some kind of update. Ms. Wagner also stated that she cautioned that we would need to make sure that any update that we receive is seen as an accurate portrayal of what's going on at the California Commission and not speculative or optimistic view that Nevada's resources wouldn't be welcomed or needed.

Ms. Westadt stated that she agrees with Mr. Jacobsen about the power purchase piece and believes it is critical for those wanting to invest in interstate transmission service. However, with respect to a business model for the transmission required for delivery it would seem we need to know how it is traditionally financed through a utility – how those transmission services work, the terms of the service and what default on any of those means in terms of retail customers; or secondly, and there may be more alternatives, is there a merchant line that includes investors in season with the investors holding the bag for any unsubscribed capacity. But we need to decide what the business model looks like and who's going to pay for the transmission and in what way in order to have a business case.

Mr. Candelaria stated in addition to transmission to get renewable resources from Nevada to California there may be a business case that involves Nevada selling to California. It might even involve an exchange of other types of resources - not just renewable resources but maybe ancillary services. Identifying which assets/resources would be at play in the business case probably would be worth studying.

Ms. Crowley agreed with Mr. Candelaria and stated that in discussions that she has had at a very basic level with California, it will most likely be baby steps first. California has talked about their wind capacity and that they can provide it to peak Las Vegas loads so that it's a two-way street, something that is valuable for both states.

Mr. Baak commented that he echoes Mr. Candelaria's comments because he believes it would be mutually beneficial arrangement for exchange in power that's balancing or seasonal. There are new Commissioners that were appointed by the CA Governor and a couple of them are really focused on rate-payer impacts and this is something that of meeting the RPS in California, this is something that's actually relatively really new in California. Up to this point most of what we've been hearing from the Governor's (Governor Brown) staff is that it's all about economic development, keeping jobs, keeping economic development within California and now we're seeing more scrutiny

over projects within California where the costs of the PPAs. The Energy Foundation is working with the Western Governors Association for consumer impacts for regional coordination. The National Renewable Energy Laboratory has been doing some work and updating work on the delivered costs of renewable energy and where it makes the most sense to deliver to and from. The Regulatory Systems Project has done a study that looks at utility interests throughout the west and where the uncertainty lies – including the RPS regulations and some utilities reluctance to sign out of state PPAs until those rules are well known. Discussions with utilities within California might need to come next. Many in the industry are trying to understand California's position and participation in a regional market. The mutual benefit is one aspect but the other one is the economic benefits as well. A study of the supply chain benefits to states throughout the west – economic benefits, jobs potential, and supply chain benefits may be timely. There not any good studies out there that shows the supply chain benefits for each of the players and that may be something that may be very beneficial to both, Nevada and California to study that and look at where those benefits might accrue.

Ms. Crowley stated that the supply chain is where she sees the most potential and that it could go all the way back to the education system for us and making Nevada the place to go for certain renewable energy studies. She agrees that this is an important step that has not yet been enumerated in any detail and would be a good place to focus as well.

Mr. Tull, as the conservation seat member, commented that one of the opportunities that we also need to be mindful of the realities of the future, a big part of that future opportunity is aging coal power production and transitioning those to renewable energy.

Mr. Gamboa commented he thinks of a triple bottom line approach as being a smart way to look at making a decision of how to move forward. The economics of transmission and the development of energy, but also the environmental impact and the social impact – the jobs created, how their consumers are affected by maybe increased rates or not. The triple bottom line perspective can help in making smart decisions. Additionally, separating out what is a long-term benefit versus short-term benefit would be important to determine how to transition our state into a more renewable energy base state.

Mr. Thomsen stated there are developers who have PPAs in California and they can tell the group their business case for entering into those PPAs. The barriers they faced in bringing their projects to a successful completion should be something can be evaluated to see if those are barriers that can be reduced. The uncertainty of proposed transmission lines going forward and the capacity on those lines affects the business case substantially. Having developers explain their business case (what worked and what didn't) might help so that the task force can evaluate it from the business case perspective.

Ms. Crowley stated that this would be helpful and Mr. Thomsen stated that he would inquire to see if these folks would be available to come and speak to the group. He asked for clarification on whether the group would want to hear about the financial benefits from a tax perspective in Nevada in comparison to other states, a broad perspective or one that is a specific example. Ms. Crowley stated that she is open for thoughts on this –

but it would be helpful to a look at the economics, planning issues, and a regional perspective of the transmission and capacity. If there are hurdles, what are they and what would it take for them to get over that hurdle?

Ms. Westadt stated that California uses occasional marginal pricing to ultimately price after the fact for the delivery component and stated that we would need to use a traditional delivery model. The California experience in terms of the PPAs and delivery is interesting and important, but it's a different model than a PPA here with a delivery component to a market outside of Nevada. How is the business case for transmission developed without knowing the operator – a public utility or a separately owned transmission developer?

Mr. Candelaria mentioned that at workshops held at Nye County in March and November, they were able to bring in procurement specialists from PG&E and Southern California Edison. At the time they were not able to answer the question about how are the CPUC and CEC regulations going to affect their procurement practices. Yet, they're still in the process and have a requirement to secure resources to meet the RPS and it may be worthwhile to get them to speak to the group now that the regulation is starting to be distributed.

Ms. Crowley asked Mr. Candelaria if he knows the timing on the RPS orders. Mr. Candelaria stated that on December 15 they issued the section of the legislation that deals with the buckets and there have been some legal consultants that have provided reviews but he was not yet fully versed.

Ms. Crowley mentioned for those that might not know in detail, the California RPS 33% by 2020, they're looking at what they call three buckets. The first being in-state or tied directly to the CAISO grid system, where 75% of their renewable generation must come from those sources. For example, those renewables coming through the Valley Electric system would be considered part of that bucket.

The second bucket describes the shaping and firming portion of the portfolios and the third deals with Renewable Energy Credits (RECs). Some California utilities are stating that they might overshoot to something like 80 or 90% in-grid to ensure compliance. Nevada still has the opportunity to generate a very sustainable market for the state and something that we can rely on for the next 20 – 30 years.

Mr. Baak cautioned against using the short-hand for "in-state" and "out-of-state" for the RPS requirements because it's not an in-state versus out-of-state, it's deliverability requirements.

Ms. Crowley stated that she wants to get folks thinking about the business case.

Mr. Settelmeyer stated the businesses that come in to present should focus on what they're interested in doing, what are their barriers to getting those things done, and what their fears are for the future. Is there anything in the future that they're afraid of

happening? Many times businesses may wait until an answer is provided and won't do anything until that happens.

Mr. Woodruff believes they are one of those companies and offered to provide insight at the next meeting. They have the experience of having developed both in California and in Nevada as well as other states, including Arizona. They have a broad view of the markets and he can tell us about what works and what doesn't. It's critical that this group understands the California market, particularly in terms of what volumes are available for export to meet their demands. We need to understand how much volume is available for Nevada. Some projects will fail, some contracts will fail – certainly there is a commitment to the administration for renewable energy. For him the business case is answering the question 'what is the demand'? We need to get inside a demand mindset for California and from a policy standpoint and customer base.

Jim Baak stated that it's also important to recognize the importance of the several other market potentials that's going on out there outside of just California –Rebecca has a docket open for other efforts at WECC that are looking at broader coordination amongst the region there may be opportunities for seasonal exchange in balancing renewables. California is looking right now at balancing within their own borders but there may be opportunities for additional renewables that don't fall necessarily inside of the RPS requirements for California but may result because of this broader energy balance market.

Ms. Crowley: There are several studies going on right now including energy imbalance market and a congestion study.

She stated that Commissioner Wagner recently attended a WestConnect conference (A group of Western Utilities that are looking at FERC Order 1000 as a very general outline which essentially tasks each utility with defining a region that they will participate in to discuss regional transmission projects.)

Ms. Wagner stated that the meeting was primarily to let the state commissions participate in the WestConnect process the fundamentals of FERC Order 1000. States will become involved in transmission planning to a greater degree than we have been and beyond our resource planning process. Through Western Governor's Association through the Western Interstate Energy Board, a FERC Order 1000 task force has been created that is comprised of Commissioners from the West and how to deal with overseeing the implementation of FERC Order 1000 as it relates to the transmission owning companies. NV Energy, as well as other non-jurisdictional and Valley Electric will need to comply with the Order. Our primary discussion at the meeting yesterday was developing a governance board within WestConnect to incorporate state input into the transmission planning and the cost allocation process. How can the states be integrated and for the most part, the western commissioners want a voting position on WestConnect. They already have a voting position on the northern tier transmission group. This is just the initial stages of ensuring that states are guaranteed a seat at the table to represent the interest of the states in developing this process. We need to determine quickly if there's a

message back to WestConnect or the other entities because compliance reports are due to FERC at the beginning of October.

Ms. Crowley asked Commissioner Wagner if there was discussion as to how often the group would meet and if the Task Force could get monthly updates. Ms. Wagner said that she believes their main steering committee meets once a month. She will try to recruit some folks from her staff to track and pull together a one or two page summary to explain what's going on and provide that with incremental updates at future meetings.

Ms. Crowley stated that she may also ask NV Energy for updates as well. Mr. McGinley stated yes, that NV Energy can provide updates.

**8. Discussion and possible action on development of schedule and goals through August 2012. (Action)**

Ms. Crowley opened this agenda item to discuss possible speakers as discussed above, and goals for the next meeting.

Mr. Tull: I think it would be good if we could get NDOW to come and give some update on Sage Grouse Habitat modeling that they've been doing – and how it would impact transmission as well as renewable energy projects in the Northern third or two-thirds of the state.

Ms. Crowley: That's a good point, I've asked NDOW to participate as needed in this process so they are ready and able to do this whenever we need them.

Ms. Lueders: For that presentation, it would be helpful for all to participate in a Sage Grouse joint presentation.

Paul stated that there is a Sage Grouse meeting on January 18<sup>th</sup> and interested task force members could that meeting rather than having them here.

Ms. Crowley suggested the idea of working in two tracks - a track to look at the business case side and a track to look at the regional planning side. All meetings would be subject to the Open Meeting Law and we'd maintain a correspondence file and make sure it's all part of the public record.

Mr. McGinley asked Ms. Crowley is an update from NV Energy for loads, resources, contracts signed, etc would be helpful. Ms. Crowley stated she's aware of the in depth report NV Energy did for the Commission and stated that it would be helpful to get a status of NV Energy's portfolios.

Mr. Thomsen: I think in that presentation that we should have an update on ONLine and the capacity of that line and its availability and applicability for the future would be important to the business case moving forward. Specifically, the second two phase that moves us from intrastate transport to interstate transport.

Marilyn asked Ms. Crowley if for the next meeting, can we make sure that the folks in southern Nevada get paper copies of the agenda and handouts.

Ms. Crowley replied yes and that the task force is working with zero budget and limited staff but will try to get any information to the folks at the Grant Sawyer building prior to the meeting. She will also hold a few of the meetings from Las Vegas. Ms. Crowley then moved to agenda item 10.

**9. New business, future agenda items and announcements.**

This agenda item was covered in agenda items 7 and 8.

**10. Set time and date of next meeting. (Action)**

Ms. Crowley opened this agenda item to set a time and date for the next meeting of the Task Force. The next meeting is scheduled for the afternoon of January 24, 2012.

**11. Public comments and discussion.**

Ms. Crowley opened this agenda item for public comments. Lydia Ball with Clean Energy Project made public comment and provided a handout titled *Developing Nevada's Clean Energy Resources*. Clean Energy partnered with McKenzie & Company and did an economic study asking the question, "Why should Nevada look outside of the state to sell energy?" She stated that the report is available on their website and she would be happy to meet with any one of the members to go over the finer details of the report. Ms. Ball was asked if the study found something "unique" that Nevada can provide to California or other states.

Ms. Ball replied that they looked at trying to develop a series of policies that cushion the rate payer cost or potential taxpayer costs and cost allocation for developing transmission lines. They did see a stabilization of rates with a fairly significant investment of transmission lines.

There were no other comments made under this agenda item and the item was closed.

Ms. Crowley adjourned the meeting at 12:43 p.m.